



GLEN INNES SEVERN COUNCIL

Local Business and Industry Policy

RESOLUTION NUMBER:	17.12/20	MEETING:	17 December 2020
	9.12/16		15 December 2016
	8.02/15		26 February 2015
	26.03/11		24 March 2011

POLICY OBJECTIVE

The purpose of this policy is to ensure that Council achieves the best 'overall value-for-money' in its procurement of goods and services, while (where possible) giving preference to local suppliers and non-local suppliers to support economic development, reduce local economic leakage and stimulate local employment outcomes in Glen Innes Severn Council Local Government Area (LGA).

This policy further recognises that 'overall value-for-money is about broader economic benefit to the Council area and not just the lowest price. Council acknowledges that economic benefits flow to all local businesses where Council maximises opportunities for local suppliers to compete for Council's business on the basis of value-for-money.

APPLICABILITY

This policy covers all procurement of goods and services by Glen Innes Severn Council:

- Employees; and
- Agents of the Council, which includes Section 355 Committees, contractors and volunteers.

DEFINITIONS

In this policy (unless the context indicates otherwise):

RFT and RFQ Request for Tender/Quotation.

Business An entity that currently supplies goods or services for consideration, therefore, does not include a proposal to establish a business.

Local Content Goods or services procured from a local supplier living permanently in the Glen Innes Severn LGA.

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- Local Supplier** Means a business, contractor or industry permanently based in, or employing permanent staff and supplying the quoted service from, permanent premises situated within the Local Government Area (LGA) boundaries; for not less than three (3) months prior to the date of the Procurement Request; and registered or licensed in New South Wales.
- Procurement Request** Any purchasing transaction undertaken by Council, including those received under the Tendering regulations under the Local Government (General) Regulation 2005.
- Submission** Any form of submitted pricing from a prospective supplier, including those received under the Tendering regulations under the Local Government (General) Regulation 2005.
- Value for money** Value for money is determined by considering all the factors that are relevant to the proposed contract and may include: experience, quality, reliability, timeliness, service, risk profiles and initial and ongoing costs.

POLICY STATEMENT

Council:

- a) Implement and enforce a 'buy local' culture within the Council by considering that supporting a viable and sustainable economy within the Glen Innes Severn LGA is a significant value for money proposition;
- b) Encourages local suppliers to join Highlands Hub Business platform and utilise the marketplace;
- c) Will support local suppliers by communicating through Council assets including Highlands Hub business providing information sessions, guidance and clarification on Council and State procurement processes to assist local suppliers understanding and participation in Council procurement;
- d) Encourages use of Local Suppliers by contractors, whenever goods or services have to be sourced from outside the LGA;
- e) Will support the development of competitive local business and industry;
- f) Will support a Local Supplier where a purchase is from \$5,000; and
- g) Will give the Local Supplier a purchase that is assessed or weighted as being equal/equivalent not only in weighted price, but also in weighted quality, timeliness and all other criteria.

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Non-Price Value for Money Considerations

Council acknowledges that in assessing 'overall value-for-money', the following non-price considerations should be taken into account (where relevant) in relation to a Procurement Request:

- a) Availability and access to after-sales service and maintenance;
- b) Quality, type and availability of goods and services;
- c) Advantages in dealing with a local supplier, including administrative and operational efficiency;
- d) The proportion of local content to be supplied;
- e) Whole-of-life costs to the purchase of contract;
- f) Compliance with specifications, guidelines and requirements;
- g) The supplier's knowledge, experience and ability to fulfil the requirements of the contract of purchase;
- h) The supplier's commitment to supporting local business and the local economy through subcontracting and other supplier arrangements;
- i) Net benefits to the Council area, including economic benefits; and
- j) All other factors relevant to consideration of the particular Procurement Request.

Notwithstanding the Council's Local Business and Industry Policy, an assessment of responses to a Procurement Request must consider all of the above factors, in conjunction with price and locality considerations.

Pricing Preference Evaluation

Pricing Preference Concessions – up to \$249,999 (excluding GST)

A Local Pricing Preference Concession system will apply to all purchases up to the value of \$249,999 (excluding GST) invited by Council for the supply of goods and services, unless Council resolves that this policy is not to apply to a particular Procurement Request.

For the purpose of comparing prices submitted by suppliers, the pricing preference concessions set out below will be applied and given to:

- a) Local suppliers submitting responses to Procurement Requests, which are assessment in relation to this policy; and
- b) Non-local suppliers who respond to Procurement Requests, which include use of local content and which are assessed in relation to this policy.

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For the purpose of evaluating and selecting the successful supplier, either local or non-local, the following levels of price preference concessions will be applied under this policy:

- Purchases from \$5,000 - \$20,000 with local content given a 10% concession – up to the value of \$2,000;
- Purchases from \$20,001 - \$249,999 with local content given a 5% concession – up to the value of \$12,500; and
- Purchases from \$250,000 with local content given a 3% concession.

Obtaining Concessions

To be eligible for either concession, suppliers must specifically detail and explain in their responses to Council's Procurement Request the particular facts upon which they rely to establish their eligibility for the concession and must provide evidence of such eligibility as reasonably required by the Council.

Procedural Matters

Procurement Requests issued by Council must clearly state whether and how a price preference for local suppliers will be applied so that respondents to such Procurement Requests are aware of Local Business and Industry Policy prior to responding to the Procurement Request.

All Procurement Requests resulting in a local preference concession being applied must be capable of identification and verification through Council's audit or internal control mechanism. All Procurement Requests must be given local preference considerations.

Overall Local Preference

In the event that:

- a) the net costs bid by a local supplier and non-local supplier are equal (after calculating and applicable concessions in accordance with this policy);
- b) both suppliers otherwise meet the criteria and requirements of the Procurement Request; and;
- c) each supplier (and its goods and/or services) is otherwise regarded as being 'equal', taking into account the non-price value-for-money considerations set out above, then preference will be given to the local supplier.

To avoid doubt, normal processes of assessment of non-price considerations still apply, and this policy does not require that the lowest cost submission is necessarily successful. The purpose of this policy is to give preference to local suppliers (compared to non-local suppliers) where all else is equal.

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IMPLEMENTATION

Examples of how the policy may be implemented are shown below.

Example: A submission for the supply of goods and services attracts the following bids:

- a) Bid A of \$9,750 (net cost) is received from a non-local supplier, which is using non - local supplies and services. No price preference concession applies.
- b) Bid B of \$10,000 (net cost) is received from a local supplier within the Council area. A 10% price preference concession applies to the net cost, amending the submitted price to \$9,000 for comparison purposes only.

The local price preference concession is applied as follows:

SUBMISSIONS RECEIVED	PREFERENCE	CALCULATION	TOTAL BID FOR EVALUATION ONLY
Bid A – Non-local supplier	No reference applicable	n/a	\$9,750
Bid B – Local supplier	10% price concession is applied	Less 10% of \$10,000	\$9,000

Bid B is successful, subject to all other considerations being met. Price paid to the supplier is \$10,000.

It will be the responsibility of the Manager of Economic Development to induct staff regarding this Policy where required. Revised versions of the Policy that contain significant changes will be communicated to all relevant staff by the Manager of Economic Development.

It will be the responsibility of the Manager of Economic Development to provide education and support to local suppliers to aid in their understanding of this Policy by providing information sessions as required.

SUPPORT TO LOCAL SUPPLIERS TO PARTICIPATE IN COUNCIL BUSINESS

Council is committed to providing education and support to local suppliers to aid in their understanding of this Policy by providing information sessions, guidance and clarification on Council and State Procurement processes.

LOCAL ADVERTISING AND LOCAL COMPETITION

This sub paragraph should be read in conjunction with Council's Statement of Business Ethics.

Where a local supplier has shown a commitment to providing goods to Council, and value for money can be shown, the local supplier should be invited to tender/quote for the supply of services or goods where a process for procurement is conducted. If there is more than one (1) supplier of the same goods or services within the LGA, the invitation should be extended to those suppliers.

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Note: Council will act in good faith regarding the above commitment; but unfortunately, cannot accept responsibility for any omissions.

IMPROVING RELATIONS WITH LOCAL SUPPLIERS

Where goods are purchased from local suppliers, particularly those suppliers that Council regularly purchases from, Council will encourage the use of the purchase requisition system to improve Council's payment terms with those suppliers.

Further, Council staff will be pro-active in managing relationships with local suppliers and will ensure that the Creditors Officer and Procurement and Supply Officer regularly make contact with suppliers to ensure that any unpaid accounts or transactional issues are resolved.

LEGISLATIVE CONTEXT

The procurement of goods and services by Council must be in accordance with the provisions of Section 55 of the *Local Government Act 1993 (NSW)* and the *Local Government (General) Regulation 2005*, as well as the policy and administrative requirements of Council.

SUMMARY

While operating under budgetary and regulatory constraints and meeting value-for-money principles, Council is proposing a two-tiered evaluation system designed to give local suppliers greater opportunities to seek Council business. For Procurement Requests under \$250,000 (Net Cost), percentage-based pricing concessions will be applied to 'local' submissions received. For Procurement Requests of \$250,000 or more (Net Cost), 'Local Benefit' is to form a part of a predetermined 100-point Assessment Criteria when evaluating submissions received.

VARIATION AND REVIEW

This policy shall be reviewed every three (3) years, or earlier is deemed necessary, to ensure that it meets the requirements of legislation and the needs of Council. The term of this policy does not expire on the review date, but shall continue in force until superseded, rescinded or varies either by legislation or a new resolution of Council.


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General Manager


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Date

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